



Offers in Compromise

*For individuals and businesses
with closed accounts who
cannot pay the full tax
or fee balance they owe*



State Board of Equalization
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This brochure explains the Board of Equalization's Offers in Compromise Program, which provides a final payment alternative for individuals and businesses who have closed out their accounts with our agency.

What is an offer in compromise?

An *offer in compromise* (OIC) is a proposal to pay us an amount that is less than the full tax or fee liability due on a closed account. If you make an offer and we accept it, you will no longer be liable for the amount due and you will be relieved of the effects of any related tax liens.

May I make an offer?

You may make an offer in compromise if you

- Have a tax or fee liability on a closed account,
- Are no longer associated with the business that incurred the liability,
- Do not dispute the amount of tax or fee you owe, and
- Cannot pay the full amount you owe in a reasonable amount of time.

Which offers are accepted?

Generally, we will recommend approval of your offer if we find that the proposal represents the maximum amount we can expect to collect from you in a reasonable period of time, typically five to seven years. We will *not* accept your offer if you have assets or income available to pay off your debt.

How do I apply?

You must complete an *Offer in Compromise Application* (form BOE-490 for individuals; BOE-490C for all others). After completing the application, you should submit it along with supporting documentation (described in the application) to the local district office or department that handled your account (see reverse). That office will forward your request to our Offers in Compromise Section for evaluation. You are not required to submit any payment with your offer.

When will I get an answer?

We will send you an acknowledgment letter shortly after receiving your application. We do our best to develop a recommendation on each offer within 90 days of receiving a completed application. The process will take longer if your application is incomplete or if we need additional information. If at any time in the process your offer is denied, we will notify you in writing.

Please note: If you are making payments under an installment payment agreement or earnings-withhold order, you must continue these payments while we review your offer. Generally, we will not initiate new collection action while your offer is pending, unless delaying collection activity jeopardizes our ability to collect the tax.

How are offers evaluated?

We will evaluate your offer based on the facts and circumstances of your liability and financial situation. The following factors are considered:

- Your ability to pay
- The amount of equity in your assets
- Your present and future income and expenses
- Whether your circumstances are likely to change

We'll use both public and private sources of information to verify your financial condition.

When do I pay?

If our OIC Section decides to recommend acceptance of your offer, they will contact you in writing and ask you to pay the full amount you proposed. You may also be asked to pay court fees required for a stipulated judgment. You must pay these amounts *in full* before final evaluation of your offer.

Your payment will be held as a deposit while the final reviews take place and refunded to you if your offer is ultimately denied. We will not pay interest on your deposit if your offer is denied.

What are the final steps?

After the OIC Section recommends approval of your offer and you have made the payment described above, your case will be reviewed by Board of Equalization management and the Attorney General's Office. If your offer is approved, we will notify you in writing and release any liens we hold on your assets.

If your offer is denied, we can recommend a course of action that is appropriate for your situation.

Where can I get an OIC application form?

You can obtain a copy of the form from the district or department handling your account, the Internet, or our Information Center. See reverse for contact information.

More OIC Details

If my offer is denied because of my financial situation, are there other options for resolving my tax liability?

Yes. We can discuss your account with you and determine the most appropriate resolution. For example, if we determine that you could make monthly payments over time that would exceed the amount of your offer, we will work with you to establish an installment payment agreement.

My IRS/FTB/EDD OIC has been accepted. Will the Board automatically approve my offer?

No. We will evaluate your offer in the manner described in this brochure.

Can I make payments on the offered amount?

No. We require full payment of the offered amount.

Will my prior payments be credited toward the amount of my offer?

No. While we will take prior payments into account when evaluating your offer, they will not be credited toward the total offered amount.

If my offer is denied, can I choose to apply my deposit to my tax liability?

Yes. If you choose to do so, the date you made the deposit will count as the effective date of your payment. However, if the deposit was posted by a third party, you must obtain their written approval before we can apply the payment to your liability.

For More Information

Internet: www.boe.ca.gov

Information Center: 1-800-400-7115

Representatives can assist you weekdays (except State holidays) from 8-5 Pacific time.

TDD service for the hearing impaired:

From TDD phones: 800 735-2929
From voice phones: 800 735-2922

Sales and Use Tax Field Offices

Bakersfield	661	395-2880
Culver City	310	342-1000
Eureka	707	445-6500
Fresno	559	248-4219
Laguna Hills	949	461-5711
Norwalk	562	466-1694
Oakland	510	622-4100
Rancho Mirage	760	346-8096
Redding	530	224-4729
Riverside	909	680-6400
Sacramento	916	227-6700
Salinas	831	443-3003
San Diego	619	525-4526
San Francisco	415	703-5400
San Jose	408	277-1231
San Marcos	760	510-5850
Santa Ana	714	558-4059
Santa Rosa	707	576-2100
Stockton	209	948-7720
Suisun City	707	428-2041
Torrance	310	516-4300
Van Nuys	818	904-2300
Ventura	805	677-2700
West Covina	626	480-7200

For Out-of-State Accounts

Centralized Collections 916 445-3670

Other Taxes and Fees

Fuel Taxes	916	322-9669
Excise Taxes	800	400-7115
Environmental Fees	916	323-9555
Timber Yield Tax	916	445-6964
Private Railroad Car Tax	916	327-2739